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The Director of Central Intelligence

Washington, D.C. 20505

NIC 03016-85
17 June 1985

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Graham E. Fuller
National Intelligence Officer for NESA

SUBJECT: The Peace Process: A New Opportunity at Last?

1. As you know I have just returned from three weeks in the Middle East, including five days in Israel where I had an opportunity to talk to many excellent Israeli scholars on Arab affairs. Although I have long been a skeptic on the possibility of new steps in the peace process--simply feeling that the objective circumstances were not there--I have now begun to feel that something new is happening in the region--especially within the PLO. No one can say that the process towards peace will be certain or easy, but I now believe there is room for some slight optimism in a way not possible before.

-- It goes without saying that a breakthrough here would have major strategic consequences for the US in the Middle East in successfully establishing the second critical phase of an American-sponsored peace. It would be a major blow to Syrian and Soviet interests, would breathe new life into the Israeli-Egyptian relationship, vindicate Egypt's decision to join Camp David in 1978, strengthen the moderate bloc and draw a great deal of the sting out of the Palestinian issue--the chief thorn in the side of US Middle East policy for years.

2. There are several key players who must show some give if the peace process is to work: the PLO, Jordan, the US, Israel, and the backing of some moderate Arab states. The PLO, however, is the sine qua non for the thing to get off the ground.

-- Arafat for years has devoted all his efforts to preservation of the PLO as an organization, happy with the trappings of position and power, and unwilling to take any risks which might threaten PLO unity. Objective circumstances in the Middle East may now

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be converging, however, in a way that convinces him that peace and concessions are the only recourse. Although any real moves by Arafat must be reciprocated by Jordan, the US, and Israel, it is Arafat who must take the step.

3. The Key Issues Facing the PLO. The PLO has long faced three critical issues which require resolution before any commitment to a peace process was possible. These are:

- The West Bank Palestinians versus the Disapora Palestinians. Since the PLO was formed in 1964--three years before the loss of the West Bank to Israel--it has talked in theoretical terms on the recovery of all of Israel, or at least restitution for those Palestinians who fled from Israel proper. The PLO has since become increasingly aware of the West Bankers as the key element for the PLO's future. West Bankers are Palestinians, they live in what is Palestine, and have real needs to be met. These West Bank elements are playing an ever increasing role in Arafat's thinking--particularly since the Palestine National Council (PNC) meeting in Amman last year.
- (The PNC in Amman this winter was of major significance: it brought back dozens of key Palestinian leaders to a country they were expelled from in 1970. The return was emotional and meaningful. Furthermore, Palestinians who live in Jordan--perhaps 60% of the population--recognize very clearly they are doing well in Jordan, have homes and passports, and are major contributors to Jordanian prosperity. No Palestinian anywhere else in the world enjoys these rights. This point has come home to Arafat.)
- The Armed Struggle Vs. Self-Determination on the West Bank. The armed struggle has largely been symbolic--meaning to suggest a power that is not there and a will which has usually been frustrated. It translates at best down to guerilla attacks and terrorism. After expulsion from Jordan and Egypt, the PLO has only had Syria as a patron for the armed struggle. But Syria has always been known as a tough and brutal state, and this point has been coming home to Arafat ever more vividly in the last three years.
- Syria failed to assist the PLO during the Israeli invasion of '82, sparked the Abu Musa rebellion against Arafat in '83, kicked Arafat out of the Lebanon, and most recently has backed a bloody assault by the Shia in Beirut against the men, women, and children in the Palestinian camps. (Ironically, this last Syrian act against civilians has been particularly offensive to Arabs, more than Syria's assault upon Arafat's leadership previously.)

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- Arafat has not wanted to embrace the Syrian military option in the past, preferring to claim his own "independent military struggle." Syrian success in Lebanon, however, has made a mockery of even this. No one can now deny the validity of the Syrian game plan. Syria--in combination with Iran and Lebanese Shia--has expelled the US and the Israelis from Lebanon. This is a major triumph against two major powers not seen in the Middle East in decades. It is absurd for Arafat to claim an independent military option when he is confronted by living proof of the efficacy of the Syrian method. In short, Arafat has nowhere else to go with the armed struggle.
- PLO Unity Vs. a Split. Arafat has long preferred unity at almost any price. The Syrians are determined to deny him such unity, however, and Arafat may recognize that the split grants him greater freedom for political maneuver than he ever enjoyed when the PLO was united. Arafat may now believe he has enough of the PLO--mainly Fatah--to go ahead with Jordan in the name of the Palestinians.

4. Arafat Vs. His Followers. A critical question is whether Arafat can bring along the rest of his PLO. Without it, Arafat is worthless and a dangerous gift which Hussein would not wish to accept.

- I have been struck during the past several weeks, not by what other PLO leaders have said so much as by what they have not said in response to repeated Jordanian and Arafat statements about the possibility for peace. Usually Arafat is quickly silenced by his lieutenants when he oversteps political bounds. This has not taken place so far. My discussions in the region lead me to believe that Arafat will face some tactical problems in dealing with his people, but is still very much regarded as the leader and that his policies are so far being acquiesced to--albeit with great concern.

5. Let me hasten to state that Arafat so far has not bitten the bullet or made any of the critical statements about 242 and Israel's right to exist that he must make in order to set the train of events in motion. Many observers--including some Israelis--believe he wishes to be certain that a pronouncement on 242 and Israel's right to exist will be reciprocated in some way by the US and Israel. It is almost certain that he will require a statement in return from the US acknowledging Palestinian right of self-determination.

- This word is not necessarily a codeword for a Palestinian state and must not be allowed to be so interpreted by anyone--Israeli or Palestinian. Self-determination includes the concept of autonomy within a Jordanian confederation. It is appropriately vague.

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- There is a debate in Israel, however, about how truly independent a confederated West Bank state would be. Most argue that such an entity would be weak and would look to Jordan to protect it from the powerful neighboring Israeli state. Others fear Jordan could not firmly control it. I believe Jordan will have every reason in the world to want to control it firmly. But any Palestinian entity--under Jordan or Israel--will be the long-range target of regional radicals.

6. Land for Peace. A major sticking point will remain the amount of land that Israel might cede to such a Palestinian-Jordanian confederation. This issue has not featured prominently in any discussions to date, suggesting that neither Jordan nor the PLO no longer expect that they can regain all of the West Bank or Jerusalem--although these could be initial bargaining positions.

7. The Israeli View. Leading Israeli academics on the Middle East--most of whom have military intelligence backgrounds--are cautiously optimistic that something can be worked out. The Mossad is much more cautious but does not rule out the possibility that Arafat may be turning a corner. The critical question is whether the Israelis will talk to any element of the PLO--or the PNC--and when. Many Israelis believe that if the PLO makes the necessary explicit statements about Israel it will then represent a different kind of organization which could then be dealt with; but neither Israeli government policy nor public opinion is at that point yet. Nothing, after all, has yet happened, but many in the Israeli government see sense in the conception that Israel ultimately must talk with its enemies--if they will talk--rather than tame Palestinians if true peace is desired.

- The main motivation for many Israelis to consider giving up the West Bank is posited upon deep concerns for the implications of nearly one million Arabs sitting inside a Zionist state, the Arab population expanding faster than the Jewish population, and its inevitable major influence on Israel's political system. This is too high a price for many Israelis in achieving the kind of Jewish Israel they want. In addition, land is increasingly less strategic in the way Middle East wars are fought. But distrust of PLO intentions runs deep in all segments of Israeli society. And to religious Israelis the sacred nature of the West Bank is what it is all about. To a majority of Israelis the question is primarily one of security.

8. The Peres Government. Most Israelis believe Peres has skillfully played the political game so far. He has moved in the direction of an openness toward a peace process without shutting any doors. His Likud partners have gone along so far--albeit with great discomfort. Peres would like to take Likud with him into the peace process if possible. If not possible, he would then choose to breakup the coalition if he felt that genuine opportunities for peace were at hand.

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- The US Role. The US is more than a mid-wife in all of this. If the process is to go forward it will require at some point a US statement about Palestinian right to self-determination--but not before Arafat has uttered the critical statements himself. Our actions will directly affect Israel and they know it. Many Israelis believe, however, that the US indeed must take some initiative--if the wherewithal is there--to nudge along both the Arabs and the Israelis toward a settlement. Clearly if the wherewithal is not there we should not be flogging unwilling parties or making unilateral concessions in the hopes of getting some response. Only firm quid pro quos can be involved. But Israelis do believe the US is a psychologically necessary component for motion.

9. An International Conference. A real international conference is mostly a waste of time, or worse. But the Soviets are not excluded from a peace process because we exclude them. If you want to play poker you have got to come to the table with chips. The Soviets to date have not gone to the table with any chips to offer in a peace process suggesting any deep interest of their own. If they really were to offer important contributions to the peace process then the Soviets could not be excluded.

- I am convinced the Soviets will not want regional peace but will prefer the maintenance of controlled tension. How the Soviets will specifically react to a seemingly successful move toward a Pax Americana will be a critical intelligence question that I will address in another memo.
- Hussein's interest in an international conference is probably less of a concern than we think. Above all Hussein wishes to insure that all interested countries receive invitations to the conference--especially Syria. He would like to be able to claim that anyone who wished to make peace with Israel had been given ample opportunity. No one was excluded. If Syria were invited to an international conference and opted not to come, or not to talk to the Israelis, then that is their business. The gesture has been made and Jordan, with the PLO, can move ahead.

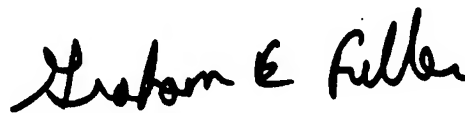
10. Syria. Syria reaction to US-Jordanian-Palestinian-Israeli talks will be harshly negative. We must anticipate this and I will treat it in a separate memo.

11. In short, while much of the old Middle East landscape is still there, a major process of change may have been underway in Arafat's own perceptions of his own options. Arafat may yet be attracted away by some swan song from the radicals to "reunite the movement"--which would sharply terminate the whole process. Israel--especially the radical right--may prove inflexible at the critical juncture even if all other

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signs go right. Arab radicals and fundamentalists still have patent spoiling power. But the stakes are high enough for the whole US strategic position in the region to indicate a need for maximum US attention and flexibility in the process.

A handwritten signature in black ink, reading "Graham E. Fuller". The signature is written in a cursive, slightly slanted style.

Graham E. Fuller

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